



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
LIVINGSTON COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 1999

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Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Joe Ward, Livingston County Judge/Executive

Honorable Ralph Smith, Former Livingston County Judge/Executive

Members of the Livingston County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Livingston County, Kentucky, as of June 30, 1999, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Livingston County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Livingston County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

To the People of Kentucky

Honorable Paul E. Patton, Governor

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In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions of Livingston County, Kentucky, and the related statement of cash receipts, cash disbursements, and changes in cash balances as of and for the year ended June 30, 1999, in conformity with the cash basis of accounting described above.

Our audit was performed for the purpose of forming an opinion on the financial statements of Livingston County, Kentucky, taken as a whole. The information provided on the accompanying schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Based on the results of our audit, we present the accompanying comment and recommendation, included herein, which discusses the following area of noncompliance:

- The County Should Have A Written Agreement To Protect Deposits

In accordance with Government Auditing Standards, we have also issued our report dated March 8, 2000 on our consideration of Livingston County, Kentucky's compliance with certain provisions of laws, regulations, contracts, and grants, and internal control over financial reporting.

Respectfully submitted,



Edward B. Hatchett, Jr.

Auditor of Public Accounts

Audit fieldwork completed -
March 8, 2000

LIVINGSTON COUNTY OFFICIALS

June 30, 1999

Joe Ward	County Judge/Executive
Billy Riley	County Attorney
James Jones	County Clerk
Connie Myrick	Circuit Court Clerk
Tommy Williams	Sheriff
Lanie Hall	Jailer
Sue Ann Carver	Property Valuation Administrator
Tracy Belcher	County Treasurer
Harry Van Smith	Coroner
Jerry Deatherage	Magistrate
Delmer Joe O'Bryan	Magistrate
Roy Ringstaff	Magistrate
Terry Stringer	Magistrate

STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

LIVINGSTON COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 1999

Assets and Other Resources

Assets

General Fund:	
Cash	\$ 33,041
Investments	371,030
Road and Bridge Fund:	
Cash	2,015
Investments	327,324
Jail Fund:	
Cash	0
Jail Commissary Fund:	
Cash	6,799
Local Government Economic Assistance Fund:	
Cash	17,942
Investments	318,448
Payroll Account:	
Due From Other Funds	123

Other Resources

General Fund:	
Amounts to be Provided in Future Years for Voting Machines-	
Capital Lease Principal Payments (Note 5)	35,000
Total Assets and Other Resources	<u>\$ 1,111,722</u>

The accompanying notes are an integral part of the financial statements.

LIVINGSTON COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
 ARISING FROM CASH TRANSACTIONS
 June 30, 1999
 (Continued)

Liabilities and Fund Balances

Liabilities

General Fund:

Capital Lease Principal Payments - Voting Machines (Note 5)	\$ 35,000
---	-----------

Jail Fund:

Cash Over Expenditure	361
-----------------------	-----

Payroll Account:

Amounts Due Others	123
--------------------	-----

Fund Balances

Reserved:

Jail Commissary Fund	6,799
----------------------	-------

Local Government Economic Assistance Fund - Tourism	(144)
---	-------

Unreserved:

General Fund	404,071
--------------	---------

Road and Bridge Fund	329,339
----------------------	---------

Jail Fund	(361)
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Local Government Economic Assistance Fund	<u>336,534</u>
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Total Liabilities and Fund Balances	<u>\$ 1,111,722</u>
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The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

LIVINGSTON COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 1999

<u>Cash Receipts</u>	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
Operating Revenue	\$ 2,267,551	\$ 1,016,904	\$ 943,523	\$ 59,197
Transfers In	311,202	424	75,000	183,500
Kentucky Advance Revenue Program	530,770	427,140	103,630	
Jail Commissary Fund Receipts	8,225			
Total Cash Receipts	<u>\$ 3,117,748</u>	<u>\$ 1,444,468</u>	<u>\$ 1,122,153</u>	<u>\$ 242,697</u>
<u>Cash Disbursements</u>				
Budgeted Expenditures	\$ 2,153,340	\$ 831,925	\$ 878,244	\$ 247,758
Transfers Out	311,202	183,500	52,277	401
Capital Lease on Voting Machines: Principal Paid	6,000	6,000		
Emergency Operations Center Lease: Principal Paid	5,600	5,600		
Bonds: Principal Paid	80,000			
Kentucky Advance Revenue Program Repaid	530,770	427,140	103,630	
Jail Commissary Fund Expenditures	7,044			
Total Cash Disbursements	<u>\$ 3,093,956</u>	<u>\$ 1,454,165</u>	<u>\$ 1,034,151</u>	<u>\$ 248,159</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 23,792	\$ (9,697)	\$ 88,002	\$ (5,462)
Cash Balance - July 1, 1998*	<u>1,052,446</u>	<u>413,768</u>	<u>241,337</u>	<u>5,101</u>
Cash Balance - June 30, 1999*	<u>\$ 1,076,238</u>	<u>\$ 404,071</u>	<u>\$ 329,339</u>	<u>\$ (361)</u>

*Cash Balance Includes Investments

LIVINGSTON COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 Fiscal Year Ended June 30, 1999
 (Continued)

Jail Commissary Fund	Local Government Economic Assistance Fund	Public Properties Corporation Fund
\$	\$ 246,634 25,000	\$ 1,293 27,278
8,225		
\$ 8,225	\$ 271,634	\$ 28,571
\$	\$ 191,053 75,024	\$ 4,360
		80,000
7,044		
\$ 7,044	\$ 266,077	\$ 84,360
\$ 1,181 5,618	\$ 5,557 330,833	\$ (55,789) 55,789
\$ 6,799	\$ 336,390	\$ 0

The accompanying notes are an integral part of the financial statements.

LIVINGSTON COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 1999

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Livingston County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Jail Commissary Fund and Public Properties Corporation Fund as part of the reporting entity.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts.

C. Basis of Accounting

The financial statements were prepared on a cash basis of accounting pursuant to Kentucky Revised Statute (KRS) 68.210 as recommended by the State Local Finance Officer. Consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

D. Legal Compliance - Budget

The Livingston County budget is adopted on a cash basis of accounting and laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

LIVINGSTON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1999
(Continued)

Note 1. (Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.65 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. The depository institution has pledged or provided sufficient collateral, and the depository institution's board of directors or loan committee approved the pledge or provision. However, as of September 28, 1998, the depository institution did not have a written agreement with the county securing the county's interest in collateral. An agreement was obtained by the former Judge/Executive on November 24, 1998.

LIVINGSTON COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 1999
 (Continued)

Note 4. Short-Term Debt

The Livingston County Public Properties Corporation Fund, an independent corporate agency and instrumentality of Livingston County has issued certificates of participation for the purpose of road improvements. The Public Properties Corporation issued \$500,000 of certificates of participation at various interest rates (3.625% through 5.45%) of which the county has agreed to pay \$500,000 principal and a proportional share of interest on the issue. During fiscal year 1998-1999, the Livingston County Fiscal County paid the balance of the certificates of participation bonds in full.

Note 5. Capital Lease

The county has entered into a capital lease with Kentucky Association of Counties Leasing Trust for voting machines on November 3, 1994 for \$62,000 at various interest rates. The principal outstanding as of June 30, 1998 totals \$35,000. Lease payment requirements due in future years are as follows:

Capital Lease - Voting Machines

<u>Fiscal Year</u> <u>Ending</u>	<u>Interest</u>	<u>Principal</u>
6/30/2000	\$ 6,000	\$ 2,224
6/30/2001	7,000	1,785
6/30/2002	7,000	1,306
6/30/2003	7,000	827
6/30/2004	8,000	319
Totals	<u>\$ 35,000</u>	<u>\$ 6,461</u>

Note 6. Lease-Purchase Agreement

The county has entered into the following lease-purchase agreement:

<u>Description</u>	<u>Purchase</u> <u>Date</u>	<u>Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rate</u>	<u>Amount</u>
EOC Building	December 2, 1996	May 20, 2002	6.00%	<u>\$ 17,100</u>

LIVINGSTON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1999
(Continued)

Note 7. Subsequent Events

Livingston County Fiscal Court has taken over operations of the Convalescent Center and the Ambulance Service in the 1999-2000 fiscal year. It is estimated that the Convalescent Center will cost \$100,000 a year and the Ambulance Service will cost \$200,000 a year. Livingston has also enacted an occupational tax in the 1999-2000 fiscal year that will provide more than enough funds to cover these expenses.

Note 8. Insurance

For the fiscal year ended June 30, 1999, Livingston County was a member of the Kentucky Association of Counties' All Lines Insurance Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

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COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

LIVINGSTON COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 1999

<u>Budgeted Funds</u>	Budgeted Operating Revenue	Actual Operating Revenue	Over (Under) Budget
General Fund	\$ 1,169,547	\$ 1,016,904	\$ (152,643)
Road and Bridge Fund	940,890	943,523	2,633
Jail Fund	277,682	59,197	(218,485)
Local Government Economic Assistance Fund	229,916	246,634	16,718
Public Properties Corporation Fund	31,540	1,293	(30,247)
Totals	<u>\$ 2,649,575</u>	<u>\$ 2,267,551</u>	<u>\$ (382,024)</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 2,649,575
Add: Budgeted Prior Year Surplus			1,148,482
Less: Other Financing Uses			<u>(626,650)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 3,171,407</u>

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SCHEDULE OF OPERATING REVENUE

LIVINGSTON COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 1999

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Revenue From Local Taxes and Excess Fees</u>				
Sheriff:				
Property Tax	\$ 291,879	\$ 291,879	\$	\$
Franchise Tax	73,811	73,811		
Mineral Tax	1,865	1,865		
Timber Tax	1,828	1,828		
Excess Fees - 1998	3,431	3,431		
County Clerk:				
Deed Transfer Tax	14,746	14,746		
Delinquent Taxes	5,178	5,178		
Excess Fees - 1998	46,269	46,269		
Delinquent Taxes - State	4,659	4,659		
Tangible Personal Property Taxes:				
Other Counties	6,190	6,190		
County Clerk	42,959	42,959		
In Lieu of Taxes:				
T.V.A.	123,168	123,168		
Bank Deposits Franchise Tax	15,351	15,351		
Totals	<u>\$ 631,334</u>	<u>\$ 631,334</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>U.S. Treasurer</u>				
Land Management	<u>\$ 16,536</u>	<u>\$ 2,391</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Federal Receipts - State Treasurer</u>				
Housing and Urban Development				
Disaster Recovery Initiative Grant	\$ 71,095	\$	\$ 71,095	\$
Flood Control Receipts	58,871	58,871		
Community Oriented Policing				
Service Grant - Salaries	62,514	62,514		
Totals	<u>\$ 192,480</u>	<u>\$ 121,385</u>	<u>\$ 71,095</u>	<u>\$ 0</u>

LIVINGSTON COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

Local	
Government	Public
Economic	Properties
Assistance	Corporation
<u>Fund</u>	<u>Fund</u>

\$

\$

\$0\$0\$14,145\$0

\$

\$

\$0\$0

LIVINGSTON COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Kentucky State Treasurer</u>				
Jail:				
Allotments	\$ 24,000	\$	\$	\$ 24,000
Medical Allotments	2,018			2,018
DUI Service Fees	2,891			2,891
Housing Juveniles	6,180			6,180
County Road Aid	669,495		669,495	
Truck License Distribution	161,449		161,449	
Courthouse Rental - Administrative				
Office of the Courts	61,782	61,782		
Cable TV	16,803	16,803		
Vending Machine	1,238	1,238		
Refunds:				
Legal Process Tax	51	51		
Drivers Licenses	1,061		1,061	
Election	5,100	5,100		
Dog Licenses	123	123		
Severance Taxes:				
Mineral	154,318			
Coal	17,420			
Board of Supervisors	200	200		
Kentucky Law Enforcement				
Foundation Program	12,796	12,796		
Fire Protection	100	100		
Totals	\$ 1,137,025	\$ 98,193	\$ 832,005	\$ 35,089

Miscellaneous Revenue

Interest Earned	\$ 58,194	\$ 23,577	\$ 21,725	\$ 184
Circuit Court Clerk:				
Jail Cost	7,305			7,305
Work Release	11,175			11,175
Jail:				
Jail Bond	1,840			1,840
Telephone Commissions	3,194			3,194

LIVINGSTON COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

Local	
Government	Public
Economic	Properties
Assistance	Corporation
<u>Fund</u>	<u>Fund</u>

\$

\$

154,318

17,420

 \$ 171,738

 \$ 0

\$ 11,415

\$ 1,293

LIVINGSTON COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Miscellaneous Revenue (Continued)</u>				
Sand Lease	\$ 68,900	\$ 68,900	\$	\$
Tourism Commission	48,820			
Refuse and Garbage	25,450	25,450		
Advertising	656	656		
Community Oriented Policing Service Grant - Local Match	11,471	11,471		
Reimbursements	16,547	5,897	10,000	134
Insurance Reimbursements	31,808	23,110	8,698	
Other Miscellaneous Items	4,816	4,540		276
Totals	<u>\$ 290,176</u>	<u>\$ 163,601</u>	<u>\$ 40,423</u>	<u>\$ 24,108</u>
Total Operating Revenue	<u><u>\$ 2,267,551</u></u>	<u><u>\$ 1,016,904</u></u>	<u><u>\$ 943,523</u></u>	<u><u>\$ 59,197</u></u>

LIVINGSTON COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

Local	
Government	Public
Economic	Properties
Assistance	Corporation
<u>Fund</u>	<u>Fund</u>

\$	\$
48,820	

516

<u>\$</u>	<u>\$</u>
60,751	1,293
<u>\$</u>	<u>\$</u>
246,634	1,293

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

LIVINGSTON COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 1999

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>GENERAL FUND</u>			
<u>General Government</u>			
Office of County Judge/Executive:			
Salaries-			
County Judge/Executive	\$ 51,212	\$ 49,154	\$ 2,058
Finance Officer	19,223	19,223	
Secretary	23,338	23,337	1
Office Materials and Supplies	4,208	4,207	1
Travel	3,055	2,900	155
Judge Bonds	274	274	
Office of County Attorney:			
Salaries-			
County Attorney	6,480	6,480	
Other Salaries	3,780	3,780	
Office of County Clerk:			
Salaries-			
County Clerk	2,400	2,400	
Deputies	12,312	11,640	672
Office Materials and Supplies	3,918	3,918	
Clerk Bond	406	406	
Clerk Fees	2,800	941	1,859
Office of Sheriff:			
Deputies Salaries	83,900	81,086	2,814
Pay for Sheriff Settlement	1,000	1,000	
Advertising Tax Bills	2,000	1,357	643
Materials and Supplies	5,468	5,468	
Association Dues	300	300	
Sheriff Contribution	3,000	3,000	
Sheriff Bond	1,419	1,419	
Medical Expenses	400		400

LIVINGSTON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Government</u> (Continued)			
Office of County Coroner:			
County Coroner Salary	\$ 4,800	\$ 4,800	\$
Autopsies and Attendant Service	1,000	551	449
Coroner's Bond	162	162	
Fiscal Court:			
Magistrates Salaries	29,532	29,531	1
Office of Property Valuation Administrator:			
Statutory Contribution	14,426	14,426	
Office of Board of Assessment Appeals:			
Per Diem	400	400	
Office of County Treasurer:			
County Treasurer Salary	19,223	15,029	4,194
Office Materials and Supplies	540	112	428
Treasurers Bond	609	609	
Advertising	641	641	
County Law Library:			
Law Librarian Salary	600	600	
Elections:			
Per Diem-			
Election Commissioners	1,300	1,025	275
Election Officers	5,931	5,931	
Printing and Advertising	10,623	10,623	
Voting Places	690	690	
Election Supplies	6,875	6,875	
Courthouse:			
Salaries-			
Janitor	18,227	15,603	2,624
Other Salaries	3,400	3,400	

LIVINGSTON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Government</u> (Continued)			
Courthouse: (Continued)			
Utilities	\$ 14,000	\$ 12,840	\$ 1,160
Materials and Supplies	4,310	4,310	
Expense Allowance	300	73	227
Telephone	12,400	11,378	1,022
Vending Machine	1,015	1,014	1
Postage	6,283	6,282	1
Courthouse Renewals and Repairs	65,824	65,730	94
County Official Travel	418	418	
<u>Protection to Persons and Property</u>			
Drug Enforcement			
Narcotics Task Force	3,000	3,000	
Ambulance Service:			
Ambulances Contract	35,778	35,777	1
Forestry Fire Protection:			
Kentucky State Treasurer	1,920	1,916	4
Office of Public Defender:			
Public Advocacy	1,133	1,133	
<u>General Health and Sanitation</u>			
Dog Control:			
Dog Warden and Mileage	2,200	1,071	1,129
Dog Food and Supplies	1,740	1,376	364
Animal Shelter Contract	8,939	8,224	715
Dog License	100	45	55
Sewage System:			
Contribution	1,000		1,000

LIVINGSTON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Health and Sanitation</u> (Continued)			
Sanitary Landfill:			
Salaries	\$ 7,602	\$ 7,601	\$ 1
Contract With Private Agency	1,000		1,000
Water System:			
Contribution	500		500
Pest Eradication Program:			
Pest Control	40		40
Other Health Programs:			
Contribution-Convalescent Center	19,209	19,209	
<u>Social Services</u>			
Cemeteries and Memorials:			
Pauper Burials	500		500
Other Social Service Programs:			
Contribution- EOC Building	6,126	6,125	1
General Charity and Welfare:			
General Relief	400	22	378
<u>Recreation and Culture</u>			
Parks:			
Other Recreation	2,900		2,900
<u>Debt Service</u>			
Kentucky Advance Revenue Program:			
Interest	9,345	9,345	
Other County Liabilities:			
Interest on Lease - EOC Building	1,208	1,208	
Interest on Lease - Voting Machines	2,635	2,250	385

LIVINGSTON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Administration</u>			
General Services:			
Audit Service	\$ 18,850	\$ 18,850	\$
Courthouse Insurance	37,600	37,593	7
Advertising	427	427	
Contributions-			
NACO	360	360	
Area Development District	2,653	2,652	1
Kentucky Association of County Officials	800	800	
Legal Service Judgment	50,000	50,000	
County Coalition and Dues	3,710	3,710	
Land Purchase	20,000	20,000	
Miscellaneous Expenses	7,563	7,563	
Bank Charges	100		100
Contingent Appropriations:			
Reserve for Budget Transfers	271,900		271,900
Fringe Benefits:			
County Contributions-			
Retirement	39,721	39,721	
Social Security	36,614	36,613	1
Health Insurance	71,000	64,143	6,857
Worker's Compensation	15,362	15,361	1
Unemployment Insurance	6,200	487	5,713
Total Operating Budget	\$ 1,144,557	\$ 831,925	\$ 312,632
Other Financing Uses:			
Capital Lease on Voting Machines-			
Principal	6,000	6,000	
Emergency Operations Center Lease-	5,600	5,600	
Principal Paid			
Kentucky Advance Revenue Program-			
Principal	427,140	427,140	
Total General Fund	\$ 1,583,297	\$ 1,270,665	\$ 312,632

LIVINGSTON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND</u>			
<u>Roads</u>			
Office of Road Supervisor/Engineer:			
Road Supervisor Salary	\$ 25,951	\$ 19,895	\$ 6,056
Road Maintenance:			
Salaries-			
Road Labor	135,040	135,039	1
Machinery and Equipment-			
Repairs	11,234	11,233	1
Motor Vehicle Parts	37,732	37,732	
Road Maintenance Supplies	416,000	261,167	154,833
Petroleum Products	23,923	22,124	1,799
Highway Equipment	64,079	64,078	1
Travel	600	600	
Evaluation and Testing	500	140	360
<u>Debt Service</u>			
Kentucky Advance Revenue Program:			
Interest	2,267	2,267	
<u>Capital Projects</u>			
Road Facilities:			
Asphalt	262,000	161,333	100,667
<u>Administration</u>			
General Services:			
Courthouse Insurance	30,000	27,470	2,530
Miscellaneous	240	81	159
Payment To City Of Smithland	66,094	66,093	1
Contingent Appropriations:			
Reserve for Budget Transfers	29,693		29,693

LIVINGSTON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>ROAD AND BRIDGE FUND (Continued)</u>			
<u>Administration (Continued)</u>			
Fringe Benefits:			
County Contributions-			
Retirement	\$ 16,662	\$ 12,320	\$ 4,342
Social Security	11,675	10,819	856
Health Insurance	37,890	35,173	2,717
Worker's Compensation	<u>10,680</u>	<u>10,680</u>	
Total Operating Budget	\$ 1,182,260	\$ 878,244	\$ 304,016
Other Financing Uses:			
Kentucky Advance Revenue Program-			
Principal	<u>103,630</u>	<u>103,630</u>	
Total Road and Bridge Fund	<u>\$ 1,285,890</u>	<u>\$ 981,874</u>	<u>\$ 304,016</u>

JAIL FUND

Protection to Persons and Property

Office of Jailer:			
Personnel Services-			
Salaries-			
Jailer	\$ 30,870	\$ 30,870	\$
Jail Personnel	68,153	63,002	5,151
Part-Time Personnel	18,512	18,511	1
Food Service Personnel	32,000	30,609	1,391
Liability Insurance	5,065	4,700	365
Association Dues	306	305	1
Staff Training	500		500
Operations-			
Cleaning Supplies	2,014	2,014	
Food	15,750	13,806	1,944
Utilities	8,225	7,671	554
Jail Linens	819	818	1

LIVINGSTON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>JAIL FUND</u> (Continued)			
<u>Protection to Persons and Property</u> (Continued)			
Office of Jailer: (Continued)			
Operations- (Continued)			
Office Supplies	\$ 300	\$ 128	\$ 172
Contracts With Other Counties-			
Juveniles	12,029	9,628	2,401
Furniture and Fixtures	3,924	3,924	
Contracts With Other Counties	16,576	12,137	4,439
Routine Medical	2,018	1,850	168
Staff Travel	800	550	250
Telephone	1,080	779	301
Jailer Travel	500	317	183
Miscellaneous Operating Expense	90	50	40
Maintenance-			
Equipment Repairs	1,023	1,023	
Bond	102	81	21
<u>Capital Outlay</u>			
Building:			
Construction	5,000	350	4,650
<u>Administration</u>			
Fringe Benefits:			
County Contributions-			
Retirement	10,148	10,147	1
Workers Compensation	10,680	10,680	
Social Security	10,053	10,053	
Health Insurance	22,945	13,755	9,190
Total Jail Fund	<u>\$ 279,482</u>	<u>\$ 247,758</u>	<u>\$ 31,724</u>

LIVINGSTON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND			
<u>General Government</u>			
Economic Development:			
Tourism	\$ 58,826	\$ 58,825	\$ 1
<u>Protection to Persons and Property</u>			
Rescue Squad:			
Contribution	2,269	2,268	1
Disaster and Emergency Services:			
Contribution	1,633	1,633	
<u>Roads</u>			
Road Maintenance:			
Materials	81,000	80,604	396
<u>General Health and Sanitation</u>			
Sanitary Landfill:			
Contract With Private Agency	33,624	33,624	
Dog Control:			
Dog Warden	134	134	
Pest Eradication Program:			
Pest Control	552	522	30
Water System:			
Contribution	500		500
<u>Recreation and Culture</u>			
Parks:			
Materials and Supplies	4,016	4,016	
Other Recreation - Utilities	2,000	1,589	411

LIVINGSTON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND</u> (Continued)			
<u>Recreation and Culture</u> (Continued)			
Other Recreation Programs:			
Wildlife Project	\$ 15,677	\$ 7,838	\$ 7,839
<u>Administration</u>			
Contingent Appropriations:			
Reserve for Budget Transfers	360,517		360,517
Total Local Government Economic Assistance Fund	\$ 560,748	\$ 191,053	\$ 369,695
<u>PUBLIC PROPERTIES CORPORATION FUND</u>			
<u>Debt Service</u>			
Bonds:			
Interest	\$ 4,360	\$ 4,360	\$
Total Operating Budget	\$ 4,360	\$ 4,360	\$ 0
Other Financing Uses:			
Bonds-			
Principal	84,280	80,000	4,280
Total Public Properties Corporations Fund	\$ 88,640	\$ 84,360	\$ 4,280
Total Operating Budget - All Funds	\$ 3,171,407	\$ 2,153,340	\$ 1,018,067
Other Financing Uses:			
Capital Lease on Voting Machines-			
Principal	6,000	6,000	
Emergency Operations Center Lease-			
Principal Paid	5,600	5,600	

LIVINGSTON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
Other Financing Uses: (Continued)			
Bonds-			
Principal	\$ 84,280	\$ 80,000	\$ 4,280
Kentucky Advance Revenue Program-			
Principal	<u>530,770</u>	<u>530,770</u>	
TOTAL BUDGET - ALL FUNDS	<u>\$ 3,798,057</u>	<u>\$ 2,775,710</u>	<u>\$ 1,022,347</u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr. Auditor of Public Accounts

Honorable Joe Ward, Livingston County Judge/Executive
Honorable Ralph Smith, Former Livingston County Judge/Executive
Members of the Livingston County Fiscal Court

Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Livingston County, Kentucky, as of and for the year ended June 30, 1999, and have issued our report thereon dated March 8, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Livingston County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying Comments and Recommendations.

- The County Should Have A Written Agreement To Protect Deposits

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Livingston County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Joe Ward, Livingston County Judge/Executive
Honorable Ralph Smith, Former Livingston County Judge/Executive
Members of the Livingston County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
March 8, 2000

COMMENT AND RECOMMENDATION

LIVINGSTON COUNTY
COMMENT AND RECOMMENDATION

Fiscal Year Ended June 30, 1999

The County Should Have A Written Agreement To Protect Deposits

The county maintained deposits of public funds with depository institutions insured by the federal Deposit Insurance Corporation (FDIC). According to KRS 66.480 (1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. As of September 28, 1998, the county had bank deposits of \$1,314,027; FDIC insurance of \$100,000; and collateral pledged or provided of \$1,500,000. Even though the county obtained sufficient collateral of \$1,500,000, there was no written agreement between the county and the depository institution, signed by both parties, securing the county's interest in the collateral. There was a written agreement dated November 24, 1998, obtained by the former Livingston County Judge/Executive, whose term ended in 1998. According to federal law, 12 U.S.C.A. § 1823(e), this agreement, in order to be recognized as valid by the FDIC, should be (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

County Judge/Executive's Response:

It was my understanding as a newly elected Judge that if the pledge was adequate, the funds were secure. However, new collateral pledge agreements have been signed and are on file.

PRIOR YEAR FINDINGS

- The County Should Have A Written Agreement To Protect Deposits (Not Corrected)
- The Jailer Should Turn Over Fees Collected To The County Treasurer Monthly (Corrected)

**CERTIFICATION OF COMPLIANCE – LOCAL
GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS**

LIVINGSTON COUNTY FISCAL COURT

Fiscal Year Ended June 30, 1999

Appendix A


CERTIFICATION OF COMPLIANCE

LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS

LIVINGSTON COUNTY FISCAL COURT

The Livingston County Fiscal Court hereby certifies that assistance received from the Local Government Economic Development Program and Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.


Name _____
County Judge/Executive


Name _____
County Treasurer